

Message Text

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E. O. 11652: GDS

TAGS: ETRD EAVN TECH US UR

SUBJ: POSSIBLE SALE OF BOEING AIRCRAFT AND TECHNOLOGY TO USSR

1. BOEING PRESIDENT MALCOLM T. STAMPER AND VICE PRESIDENT FOR WASHINGTON OPERATIONS R.E. BATEMAN CALLED ON AMBASSADOR NOV 14 TO DISCUSS STATE OF PLAY ON PROPOSED BOEING SALE OF AIRCRAFT AND TECHNOLOGY TO USSR. FOLLOWING BASED ON MEMCON BEING POUCHED DEPARTMENT.

2. REVIEWING BACKGROUND FOR HIS CURRENT TRIP TO MOSCOW, STAMPER SAID THAT SOVIETS HAD BEEN PROPOSING POSSIBLE PURCHASES AND EXCHANGE OF TECHNOLOGY WITH BOEING FOR MORE THAN FOUR YEARS. HE STRESSED THAT BOEING VERY HAWKISH ON PROPOSITIONS, KEPT TAKING HARD LINE, BUT SOVIETS PERSISTENTLY COMING BACK FOR FURTHERDISCUSSIONS. BOEING FULLY IN TOUCH WITH ALL APPROPRIATE OFFICIALS IN WASHINGTON, UNCLUDING CLEMENT OF DOD, COMMERCE AND STATE. IN RECENT MONTHS AMBASSADOR DOBRYNIN HAD BEEN IN CONTACT WITH BOEING REGARDING POSSIBLE DEALS, AN NINE-MAN SOVIET DELEGATION HAD RECENTLY BISITED BOEING PLAN T IN SEATTLE, AND DEPUTY CHAIRMAN STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY FVISHIANI HAD COME TO SEE THEM. ABOUT FIVE WEEKS AGO GVISHIANI HAD INVITED THEM TO COME TO MOSCOW. BOEING BELIEVES SOVIET INTEREST IN PURCHASES
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EXTREMELY STRONG AND SUBJECT COULD BE RAISED AT VLADIVOSTOK

SIMMIT.

3. STAMPER OUTLINED FOLLOWING BOEING CONCEPT OF POSSIBLE COMMERCIAL RELATIONS WITH USSR OVER NEXT DECADE OR LONGER:

A) PHASE I (CURRENT) - SOVIET PURCHASE OF BETWEEN FIVE AND TEN BOEING 747 PASSENGER AIRCRAFT PRICED AT DOLS 31 MILLION EACH. MODELS WOULD BE EITHER FULL-CAPACITY 747-200 OR SHORTER MODELS WHICH HAVE LONGER RANGE, CAN CRUISE AT HIGHER ALTITUDES, WOULD BE EXCELLENT FOR INTERNAL USE IN USSR. IN ADDITION, BOEING WOULD SELL SOVIETS FOUR OR FIVE ITEMS OF TECHNOLOGY FOR AIRCRAFT CONSTRUCTION.

EXAMPLES: PLASTIC DUCTS, INTERNAL CABIN CONSTRUCTION TECHNIQUES, METAL HONEYCOMBING PROCESS, TECHNIQUES FOR PAINTING AIRCRAFT. ALL THESE WOULD BE FULLY LICENSABLE UNDER US REGULATIONS, WOULD ALL TOGETHER COST ABOUT DOLS 125 MILLION. FINALLY, BOEING WOULD ASSIST SOVIETS IN OBTAINING US CERTIFICATION FOR YAK 40 AND MARKETING OF YAK 40 AIRCRAFT IN US.

B) PHASE II (WITHIN FOUR OR FIVE YEARS) - SOVIET PURCHASE OF ADDITIONAL AIRCRAFT AND ADDITIONAL ITEMS OF TECHNOLOGY. LATTER WOULD BE ONLY RPT ONLY THOSE BOEING FEELS RELEASABLE BOTH UNDER US REGULATIONS AND FOR ITS OWN COMMERCIAL SECURITY. FOR EXAMPLE, SOME TECHNIQUES WHICH SOVIETS WANT SUCH AS COMPUTERIZED WING-LOFTING ARE NOW AND PROBABLY ALWAYS WILL BE TOTALLY OUT OF QUESTION. IN ADDITION, BOEING WOULD TAKE CERTAIN SOVIET TECHNOLOGY, SUCH AS TITANIUM PROCESS AND HELP MARKET IT IN US.

C) PHASE III (TEN YEARS AWAY OR MORE) - THIS AREA VAGUE AND SEEMINGLY SCIENCE-FICTIONAL. COULD INCLUDE POSSIBLE DEALS ON SECOND GENERATION SST'S, CONSTRUCTION OF HUGE SUPER-AIRCRAFT TO TRANSPORT NATURAL GAS.

4. IN RESPONSE TO AMBASSADOR'S QUERY IF ANY LICENSING PROBLEMS CURRENTLY ENCOUNTERED, STAMPER REPLIED "NOT YET." HE NOTED RECENT BOEING SALES TO PRC AND ROMANIA. FOR THESE COUNTRIES, SENSITIVE TECHNOLOGY IN ILS LANDING GUIDANCE SYSTEMS HAD BEEN "WATERED DOWN." JOINT PRODUCTION DEALS, CONSTRUCTION OF FACTORIES IN USSR, WOULD, OF COURSE, BE COMPLETELY OUT OF QUESTION. STAMPER SAID THAT UNFORTUNATELY PRESS HAS OCCASIONALLY STRESSED THESE ASPECTS WHICH ARE NOW CONFIDENTIAL

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NOW LONGER UNDER CONSIDERATION.

5. STAMPER CONCLUDED THAT IMMEDIATE OBJECTIVE IS FURTHER NEGOTIATIONS LEADING TO SIGNATURE OF MEMORANDUM OF INTENT IN DECEMBER. AT PRESENT, HE AND BATEMEN CONFERRING WITH MINISTER OF CIVIL AVIATION, GENERAL BUGAYEV, AND AEROFLOT CHIEF BUROV IN MOSCOW. ON NOV 15 WILL VISIT TUPOLEV PLANT AT VORONEZH. IF APPEARS MEMORANDUM OF INTENT CAN BE SIGNED

IN DECEMBER, THEY WILL RETURN MOSCOW AT THAT TIME. AFTER
FURTHER NEGOTIATIONS, FINAL CONTRACT COULD BE SIGNED IN MARCH
1975 WITH DELIVERY OF FIRST 747 AIRCRAFT IN 1976. TOTAL
VALUE OF CONTRACT WILL BE BETWEEN ONE-QUARTER AND ONE-HALF
BILLION DOLLARS.
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